

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AEC-05 AID-05 CEA-01 CIAE-00 CIEP-01

COME-00 DODE-00 EB-04 FPC-01 H-01 INR-05 INT-05 L-01

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 7519

INFO AMEMBASSY BONN

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AMCONSUL MILAN

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E.O. 11652: N/A

TAGS: ENRG, IT

SUBJECT: PRESIDENT LEONE VISITS ITALIAN OIL DISCOVERY

REF: ROME A-339, 7/7/74

1. ON OCTOBER 11, PRESIDENT LEONE, PRIME MINISTER RUMOR, MINISTER FOR STATED HOLDINGS GULLOTTI WERE RECEIVED BY GOI-CONTROLLED OIL COMPANY PRESIDENT GIROTTI AT THE SITE OF THE ITALIAN GAS/OIL DISCOVERY AT CASIRATE D'ADDA NEAR MILAN (REFAIR). THE VISIT WAS ACCOMPANIED BY ABUNDANT PRESS COVERAGE, MAKING THE FRONT PAGE OF MOST ITALIAN NEWSPAPERS FOR SOME DAYS. SINCE THE FIELD AND ITS BASIC DIMENSIONS HAVE BEEN COVERED IN THE SPECIALIZED PETROLEUM PRESS FOR SOME TIME, THE TIMING OF THE VISIT APPEARS RELATED MORE TO ITALY'S ECONOMIC AND POLITICAL SITUATION THAN TO THE FIELD
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ITSELF. COMING IN THE MIDST OF NEGOTIATIONS IN ROME TO FORM A NEW

GOVERNMENT AFTER THE RESIGNATION OF THE RUMOR GOVERNMENT AND ATTENDANT NEGATIVE PUBLICITY, THE NEWS HAS UNDOUBTEDLY BOLSTERED ITALIAN MORALE AND POSSIBLY HELPED TO REASSURE THE INTERNATIONAL FINANCIAL COMMUNITY SOMEWHAT. THE VISIT MAY HAVE AS WELL IMPROVED GIROTTI'S CHANCES OF CONTINUING AS PRESIDENT OF ENI WHEN HIS TERM EXPIRES THIS FALL.

2. IMPORTANTLY, AGIP HAS MANAGED THE NEWS WELL, WITHOUT RAISING FALSE HOPES WHICH WOULD HINDER PUBLIC ACCEPTANCE OF ANY FUTURE AUSTERITY MEASURES. IN THE PAST, OIL SMEARS ON A DRILL BIT OCCASIONED CONSIDERABLE REJOICING; IN THIS CASE, ENI/AGIP HAS DESCRIBED THE FIELD IN VERY CONSERVATIVE TERMS, EVEN BY INDUSTRY STANDARDS. INDUSTRY SOURCES INDICATE THAT THE PROBABLE RESERVES ARE AT LEAST DOUBLE THE ANNOUNCED AMOUNTS OF 50 BILLION CUBIC METERS OF NATURAL GAS AND 40 MILLION METRIC TONS OF PETROLEUM, AND MAY--PENDING FURTHER DRILLING--TURN OUT TO BE A TRULY MAJOR DISCOVERY.

3. TECHNICAL DETAILS OBTAINED DURING INTERVIEW WITH AGIP MINERARIA PRESIDENT GZIDDI WILL BE REPORTED BY AMCONSUL MILAN. VOLPE

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